

**UBUHLEBEZWE MUNICIPALITY**

**ANNUAL FINANCIAL STATEMENTS**



**FOR THE YEAR**

**ENDED 30 JUNE 2008**

## INDEX

|                                                | Page Number |
|------------------------------------------------|-------------|
| 1 GENERAL INFORMATION                          | 2           |
| 2 FOREWORD                                     | 3           |
| 3 REPORT OF THE AUDITOR-GENERAL                | 4           |
| 4 REPORT THE ACTING CHIEF FINANCIAL OFFICER    | 5           |
| 5 ACCOUNTING POLICIES                          | 6           |
| 6 BALANCE SHEET                                | 9           |
| 7 INCOME STATEMENT                             | 10          |
| 8 CASH FLOW STATEMENT                          | 11          |
| 9 NOTES TO THE FINANCIAL STATEMENTS            | 12          |
| 10 APPENDICES                                  |             |
| A STATUTORY FUNDS, RESERVES AND PROVISIONS     | 18          |
| B EXTERNAL LOANS AND INTERNAL ADVANCES         | 19          |
| C ANALYSIS OF FIXED ASSETS                     | 20          |
| D ANALYSIS OF OPERATING INCOME AND EXPENDITURE | 21          |
| E DETAILED INCOME STATEMENT                    | 22          |
| F STATISTICS                                   | 23          |

## GENERAL INFORMATION

### MEMBERS OF THE UBUHLEBEZWE MUNICIPALITY EXECUTIVE COUNCIL

Councillor J N Peterson (Mayor)  
Councillor N C Vezi (Deputy Mayor)  
Councillor N H Mkhize (Speaker)  
Councillor D W Khumalo  
Councillor N M Khoza

### MEMBERS OF THE UBUHLEBEZWE MUNICIPALITY COUNCIL

Councillor T C Dhlamini  
Councillor N Jili  
Councillor B M Mkize  
Councillor M W Ngidi  
Councillor S C Shezi  
Councillor M J Mtshali  
Councillor V T Nene  
Councillor S P Bhengu  
Councillor N F Gutshwa  
Councillor T R Ndlovu  
Councillor B P Nzimande  
Councillor F Ndlovu  
Councillor M E Mkhize  
Councillor B E Mdlalose  
Councillor E M M Nzimande  
Councillor EPN Pupuma  
Councillor S H Dlamini  
Councillor M S Ngubo

### GRADING OF THE LOCAL AUTHORITY

Grade 2

### AUDITORS

Office of the Auditor-General

### BANKERS

First National Bank of South Africa Ixopo

### REGISTERED OFFICE

29 Margaret Street  
Ixopo  
3276

P O Box 132  
Ixopo  
3276

Telephone: 039 8342074  
Facsimile: 039 8341168  
E-Mail: [mm@ubuhlebezwe.org.za](mailto:mm@ubuhlebezwe.org.za)

### MUNICIPAL MANAGER

C M NGUBELANGA

### CHIEF FINANCIAL OFFICER

S A LUTHULI

### APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements set out on pages 9 to 23 were approved by the Municipal Manager on 29 August 2008 and presented to and approved by Council on \_\_\_\_\_

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C M NGUBELANGA  
MUNICIPAL MANAGER  
(ACCOUNTING OFFICER)

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S A LUTHULI  
CHIEF FINANCIAL OFFICER

## **UBUHLEBEZWE MUNICIPALITY**

### **FOREWORD**

#### **FOREWORD BY HER WORSHIP THE MAYOR**

Honourable Speaker, Deputy Mayor ,Members of the Executive Committee and Councillors:

Herewith our financial statements for the financial year ended 30 June 2008

From these statements you will note that we have closed our books with a surplus whilst we have not compromised on service delivery.

This can be considered as a very difficult year for the Municipality. The task with a Municipality that was understaffed the task that was facing us to turned the Municipality around for the better were huge.

With the support of council, it was decided to call on the help of Consultants Ernst & Young to reconcile our records to ensure that the Municipality produces the best service delivery as well as accurate information as far as possible for the public. Better controls have been introduced to ensure a more efficient and bussiness like operation that would be productive and cost effective.

With the high unemployment rate in the Municipality, debtors still remained a problem, which need to be adressed in the coming financial years.

May I place on record my thanks to my colleagues in the Executive Committee, the Municipal Manager and his staff , for a job well done.

Date            29 August 2008

Mayor

**UBUHLEBEZWE MUNICIPALITY**  
**REPORT OF THE AUDITOR-GENERAL**

# UBUHLEBEZWE MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### Report by the Chief Financial Officer

#### 1 OPERATING RESULTS

Details of the operating results per department, classification and object of expenditure are included in appendices D and E. The applicable statistics are shown in appendix F. The overall operating results for the year ended 30 June 2008 are as follows:

| <b>INCOME</b>                      | <b>ACTUAL<br/>2007</b> | <b>ACTUAL<br/>2008</b> | <b>VARIANCE<br/>2007/2008</b> | <b>BUDGET<br/>2008</b> | <b>VARIANCE<br/>ACTUAL/BUDGET</b> |
|------------------------------------|------------------------|------------------------|-------------------------------|------------------------|-----------------------------------|
|                                    | <b>R</b>               | <b>R</b>               | <b>%</b>                      | <b>R</b>               | <b>%</b>                          |
| Opening Surplus                    | 1 237 166              | 5 509 879              |                               |                        |                                   |
| Operating Income for the year      | 26 331 379             | 25 690 466             | -2.43%                        | 28 695 395             | -10.47%                           |
|                                    | 27 568 545             | 31 200 345             |                               | 28 695 395             |                                   |
| <b>EXPENDITURE</b>                 |                        |                        |                               |                        |                                   |
| Operating Expenditure for the year | 20 336 527             | 24 074 457             | 18.38%                        | 24 497 847             | -1.73%                            |
| Sundry transfers                   | 1 722 139              | 1 563 697              |                               |                        |                                   |
| Closing surplus/(deficit)          | 5 509 879              | 5 562 191              |                               | 3 040 989              |                                   |
|                                    | 27 568 545             | 31 200 345             |                               | 27 538 836             |                                   |

The water and sewerage functions have been transferred to Sisonke District Municipality as from 1 July 2003.

#### 2 CAPITAL EXPENDITURE AND FINANCING

Expenditure on Fixed assets during the year amounted to R 4 405 641.00

A comparison between actual and budget consisted of the following:

|                 | <b>ACTUAL<br/>2008</b> | <b>BUDGET<br/>2008</b> | <b>ACTUAL<br/>2007</b> |
|-----------------|------------------------|------------------------|------------------------|
|                 | <b>R</b>               | <b>R</b>               | <b>R</b>               |
| Administration  | 105 875                | -                      | 601 793                |
| Traffic Service | -                      | -                      | -                      |
| Roads           | 4 219 203              | 5 558 081              | 5 153 079              |
| Town Estates    | 80 563                 | 3 837 000              | 3 552 743              |
|                 | 4 405 641              | 9 395 081              | 9 307 615              |

A complete analysis of capital expenditure (Budget and actual) per department, classification or service is included in appendix C

Resources used to finance the fixed assets were as follows:

|                           | <b>ACTUAL<br/>2008</b> | <b>BUDGET<br/>2008</b> | <b>ACTUAL<br/>2007</b> |
|---------------------------|------------------------|------------------------|------------------------|
|                           | <b>R</b>               | <b>R</b>               | <b>R</b>               |
| Contribution from revenue | 443 459                | -                      | 122 429                |
| Grants                    | 3 962 182              | 9 395 081              | 8 484 176              |
| Internal Loans            |                        | -                      | 701 010                |
|                           | 4 405 641              | 9 395 081              | 9 307 615              |

More details regarding internal advances used to finance fixed assets are shown in appendix B.

**UBUHLEBEZWE MUNICIPALITY**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

**Report by the Chief Financial Officer**

**3 EXTERNAL LOANS, INVESTMENTS AND CASH.**

External loans outstanding on 30 June 2008 amount to R 4 413 672.00 (R 4 853 607.00 in 2007) as set out in appendix B. An amount of R 431 935.00 was repaid during the year.

Investments and cash on 30 June 2008 amount to R 24 602 662.00 (R 22 473 013.00 in 2007). Cash and investments represent the following:

|                           |                   |
|---------------------------|-------------------|
| Grants                    | 11 202 897        |
| Housing Operating Account | 332 032           |
| Public Improvement Fund   | 12 160 809        |
| Capital Development Fund  | 5 876 630         |
| Petty Cash                | 500               |
|                           | <u>29 572 868</u> |

More information regarding loans and investments are disclosed in note 3 and 6 of the financial statements.

**4 FUNDS, RESERVES AND PROVISIONS**

The movement regarding statutory funds, reserves and provisions is disclosed in the notes and Appendix A to the financial statements.

**5 POST BALANCE SHEET EVENTS**

There were no post balance sheet events.

**6 APPRECIATION**

I would like to thank the Mayor, the deputy Mayor, Speaker, the Chairman and Members of the executive Committee, and other Councillors, the Municipal Manager and Departmental Heads for the support they have given me and my personnel during the year. A special word of thanks to the Department of Traditional and Local Government Affairs, the consultants and personnel of the Finance Department for their loyal and commitment in preparing the financial accounts of our municipality.

S A Luthuli  
Chief Financial Officer  
29 August 2008

## UBUHLEBEZWE MUNICIPALITY

### ACCOUNTING POLICIES

#### 1 BASIS OF PRESENTATION

- 1.1 The financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Finance Officers in its Code of Accounting Practice (1997) and Report on the Published Annual Financial Statements of Local Authorities (2<sup>nd</sup> Edition, January 1996).
- 1.2 The financial statements are prepared on the historical cost basis, adjusted for fixed assets as more fully detailed in Accounting Policy note 3. The accounting policies are consistent with those applied in the previous year, except if otherwise indicated.
- 1.3 The financial statements are prepared on the accrual basis as stated:
- (i) Income is accrued when collectable and measurable. Certain direct income is accrued when received such as traffic fines and certain licenses.
  - (ii) Expenditure is accrued in the year in which it is incurred.
- 1.4 All amounts disclosed in these Financial Statements are rounded off to the nearest Rand, but actual amounts were used in the calculations.
- 1.5 The Accounting Policies are consistent with the previous year's accounting policies.

#### 2 CONSOLIDATION

The financial statements includes the Rates and General Service, Housing Service and the different funds, reserves and provisions. All inter departmental charges are set-off against each other with the exception of assessment rates and refuse removal which are treated as income and expenditure in the respective departments.

Water and sewerage have been allocated to the District Municipality as from 1 July 2003.

#### 3 FIXED ASSETS

- 3.1 *Fixed assets are stated :*
- (i) at historical cost, or
  - (ii) at valuation (based on the market price at date of acquisition), where assets have been acquired by grant or donation, whilst they are in existence and fit for use, except in the case of bulk assets which are written off at the end of their estimated useful life as determined by the Treasurer.

#### 4 DEPRECIATION

The balance shown against the heading "Loans Redeemed and Other Capital Receipts" in the notes to the balance sheet is tantamount to a provision for depreciation, however, certain structural differences do exist. By way of this "Provision" assets are written down over their estimated useful lives. Apart from advances from the various Council funds, assets may also be acquired through:

- (i) Appropriations from income, where the full cost of the asset forms an immediate and direct charge against operating income and therefore it is unnecessary to make any further provision for depreciation.
- (ii) Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and Other Capital Receipts" account.



## UBUHLEBEZWE MUNICIPALITY

### ACCOUNTING POLICIES

- 4.1 All net proceeds from the sale of fixed property are credited to either the Public Improvement Fund or Capital Development Fund, depending on which fund the property was acquired for and charged to. Net proceeds from the sale of all other assets are credited to the Capital Development Fund.
- 4.2 Fixed assets are financed from different sources, including external loans, operating income, endowments and internal advances. These loans and advances are repaid within the estimated useful lives of the assets acquired from such loans and advances. Interest is charged to the service concerned at the ruling interest rate applicable at the time the advance was made.

#### 5 FUNDS, RESERVES AND PROVISIONS

##### 5.1 *Capital Development Fund*

Section 103(9)(b) of the Local Authorities Ordinance 1974 (No. 25 of 1974) states inter alia that Council shall pay unto each Capital Development Fund not less than three per cent of the annual revenue accruing to the Capital Development Fund.

##### 5.2 *Public Improvement Fund*

All monies raised in terms of Section 103(3) of the Local Authorities Ordinance 1974 (Ordinance No. 25 of 1974) are paid into the Public Improvement Fund. Advances from the Fund are re-paid within the specified period together with interest levied at a rate determined by the council.

##### 5.3 *Housing Operating Account*

In terms of the Housing Act (Act 107 of 1997), the following has been implemented:

- (i) Amounts owing in respect of Provincial Housing Board loans, which have been extinguished, have been reflected in the Housing Operating Account.
- (ii) Fixed assets and housing debtors relating to these loans have been retained in the housing service.
- (iii) All monies held in the Housing Operating Account not used, are invested with a public institution in accordance with the Housing Act. Interest received on such amounts invested is held for future housing development.

##### 5.4 *Leave Pay Provision*

The Leave Pay Provision was established in order to provide for accrued leave payments to all employees who are resigning or retiring from service as well as commutation of leave accruals during the year.

##### 5.5 *Reserves*

Reserves were established for all conditional grants received from National and Provincial Government. These funds are specifically allocated to the purpose for which the grant was intended for and expenditure debited against these reserves should be in accordance with the respective business plan.

##### 5.6 *Bad Debt Provision*

A provision equal to the anticipated risk as at 30 June 2008 is maintained to provide for bad debts. Contributions are made from the applicable accumulated account based on outstanding debtors for more than ninety days.

##### 5.7 *Working Reserves*

Some funds are reserved for the unexpected variation of working capital.

##### 5.8 *Trust Funds*

Trust funds are maintained to ensure that conditional grants received for a specific purpose are recorded.

##### 5.9 *Other Reserves*

Reserves are maintained to ensure that there are enough funds kept aside for the completion of certain programmes.

## UBUHLEBEZWE MUNICIPALITY

### ACCOUNTING POLICIES

#### 6 RETIREMENT BENEFITS

Current contributions, past service costs and service adjustments are charged against operating income on the basis of current service costs.

Ubuhebezwe Municipality and its employees contribute to the Natal Joint Municipal Pension Fund or the KwaZulu-Natal Joint Municipal Provident Fund which provides retirement benefits to such employees. The retirement benefit plan is subject to the Pension Fund/ Provident fund rules

Full actuarial valuations are performed at least every three years. The last valuation was done on 31 March 2001.

#### 7 LEASED ASSETS

Fixed assets held under finance leases are capitalised. Such assets are effectively amortised over the term of the lease agreement.

Lease finance charges are allocated to accounting periods over the duration of the leases, by the effective interest rate method, which reflects the extent and cost of lease finance utilised in each accounting period.

All other leases are treated as operating leases and the relevant rentals are charged to the operating account in a systematic manner related to the period of use of the assets concerned.

#### 8 INVESTMENTS

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred, and are invested in securities as prescribed by section 125 of the Local Authorities Ordinance, 1974 (Ordinance No. 25 of 1974).

#### 9 INCOME RECOGNITION

*9.1 Assessment Rates*  
The Ubuhebezwe Municipality applies a differential site rating system. In terms of this system the assessment rates are levied on the land value of property, and rebates are granted according to the use to which a particular property is used. A differential rate is applied to residential properties, whilst rebates are granted to Government and agricultural properties.

#### *9.2 Water Billings.*

Water billing is the function of the District Municipality. No water billing is done by the local municipality.

#### 10 ADMINISTRATION AND OTHER OVERHEAD EXPENSES

All administration and other overhead expenses are expensed against income received.

#### 11 SURPLUSES AND DEFICITS

Surpluses or deficits arising from all operations are retained within the Rate and General Services account.

The Unappropriated Surplus is maintained as an Operating cash reserve, to fund expenditure during the financial year, prior to the collection of revenue.

It may also be utilized to fund projects that the council may deem necessary to fund.

**UBUHLEBEZWE MUNICIPALITY**  
**BALANCE SHEET AT 30 JUNE 2008**

|                                         | Note | <u>2008</u><br>R  | <u>2007</u><br>R  |
|-----------------------------------------|------|-------------------|-------------------|
| <b><u>CAPITAL EMPLOYED</u></b>          |      |                   |                   |
| <b>FUNDS AND RESERVES</b>               |      | 32 399 873        | 24 750 990        |
| Statutory Funds                         | 1    | 21 196 976        | 18 714 304        |
| Reserves                                | 2    | 11 202 897        | 6 036 686         |
| <b>ACCUMULATED SURPLUS</b>              | 15   | 5 562 191         | 5 509 879         |
| <b>LONG-TERM LIABILITIES</b>            | 3    | 3 974 504         | 4 379 913         |
|                                         |      | <u>41 936 568</u> | <u>34 640 782</u> |
| <b><u>EMPLOYMENT OF CAPITAL</u></b>     |      |                   |                   |
| <b>FIXED ASSETS</b>                     | 4    | 14 740 519        | 15 783 044        |
| <b>LONG-TERM DEBTORS</b>                | 6    | 122 298           | 241 802           |
| <b>NET CURRENT ASSETS/(LIABILITIES)</b> |      | 27 073 751        | 18 615 936        |
| <b>CURRENT ASSETS</b>                   |      | 29 685 579        | 28 444 371        |
| Short Term Investments                  | 5    | 24 602 662        | 22 473 013        |
| Debtors                                 | 7    | 4 492 552         | 4 230 854         |
| Cash at Bank                            | 21   | 590 365           | 1 740 504         |
| <b>CURRENT LIABILITIES</b>              |      | 2 611 828         | 9 828 435         |
| Provisions                              | 8    | 773 128           | 722 661           |
| Creditors                               | 9    | 1 389 625         | 8 569 276         |
| Sundry Deposits                         | 20   | 9 903             | 62 803            |
| Loans - Short term portion              | 3    | 439 172           | 473 695           |
| Bank overdraft                          |      | -                 | -                 |
|                                         |      | <u>41 936 568</u> | <u>34 640 782</u> |

UBUHLEBEZWE MUNICIPALITY

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

| 2007<br>ACTUAL<br>INCOME<br>R | 2007<br>ACTUAL<br>EXPENDITURE<br>R | 2007<br>SURPLUS/<br>(DEFICIT)<br>R |                                           | 2008<br>ACTUAL<br>INCOME<br>R | 2008<br>ACTUAL<br>EXPENDITURE<br>R | 2008<br>SURPLUS/<br>(DEFICIT)<br>R | 2008<br>BUDGET<br>SURPLUS/<br>(DEFICIT)<br>R |
|-------------------------------|------------------------------------|------------------------------------|-------------------------------------------|-------------------------------|------------------------------------|------------------------------------|----------------------------------------------|
| 26 331 379                    | 20 336 527                         | 5 994 852                          | RATES AND GENERAL SERVICES                | 25 690 466                    | 24 074 457                         | 1 616 009                          | 3 040 989                                    |
| 21 233 583                    | 16 574 397                         | 4 659 186                          | Community Services                        | 22 680 071                    | 17 175 402                         | 5 504 669                          | 3 190 615                                    |
| 2 718 729                     | 1 949 124                          | 769 605                            | Subsidised Services                       | 990 358                       | 4 696 589                          | (3 706 231)                        | 46 333                                       |
| 2 349 462                     | 1 639 758                          | 709 704                            | Economic Services                         | 1 995 572                     | 2 072 472                          | (76 900)                           | 9 013                                        |
| 29 605                        | 173 248                            | (143 643)                          | Housing Services                          | 24 465                        | 129 994                            | (105 529)                          | (204 972)                                    |
| <u>26 331 379</u>             | <u>20 336 527</u>                  | <u>5 994 852</u>                   | <b>TOTAL</b>                              | <u>25 690 466</u>             | <u>24 074 457</u>                  | <u>1 616 009</u>                   | <u>3 040 989</u>                             |
|                               |                                    | (1 722 139)                        | Appropriations for the year               |                               |                                    | (1 563 697)                        |                                              |
|                               |                                    | 4 272 713                          | Net surplus for the year                  |                               |                                    | 52 312                             |                                              |
|                               |                                    | 1 237 166                          | Accumulated surplus beginning of the year |                               |                                    | 5 509 879                          |                                              |
|                               |                                    | <u>5 509 879</u>                   | Accumulated surplus end of the year       |                               |                                    | <u>5 562 191</u>                   |                                              |

**UBUHLEBEZWE MUNICIPALITY**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008**

|                                                 | NOTE | 2008<br>R          | 2007<br>R           |
|-------------------------------------------------|------|--------------------|---------------------|
| <b>CASH RETAINED FROM OPERATING ACTIVITIES</b>  |      |                    |                     |
|                                                 |      | 5 869 986          | 18 396 753          |
| Cash utilised by operations                     | 16   | 9 680 300          | 13 623 277          |
| External Interest Earned                        | 14   | 1 209 852          | 534 397             |
| (Increase)/Decrease in Working Capital          | 17   | (7 374 745)        | 3 830 234           |
|                                                 |      | 3 515 407          | 17 987 908          |
| Less: Interest paid                             | 14   | (212 526)          | -                   |
| Cash utilised by operations                     |      | 3 302 881          | 17 987 908          |
| Operating Grants                                |      |                    | -                   |
| Proceeds on disposal of fixed assets            |      | (1 395 077)        | 408 845             |
| Capital contributions from the Public and state |      | 3 962 182          |                     |
| <b>CASH UTILISED IN INVESTING ACTIVITIES:</b>   |      |                    |                     |
| Investments in Fixed Assets                     |      | (4 405 641)        | (8 237 562)         |
| Housing development for low incomegroup         |      |                    |                     |
| NET CASH FLOW                                   |      | <u>1 464 345</u>   | <u>10 159 191</u>   |
| <b>CASH EFFECTS OF FINANCING ACTIVITIES</b>     |      |                    |                     |
| (Decrease)/Increase in Long-term Loans          | 18   | (431 935)          | 2 500 418           |
| Decrease/(Increase) in Cash investments         | 19   | (2 129 649)        | (10 588 858)        |
| Increase/(Decrease) in Deposits                 | 20   | (52 900)           | (160 325)           |
| (Increase)/Decrease in Cash                     | 21   | 1 150 139          | (1 910 426)         |
| NET CASH GENERATED/(UTILISED)                   |      | <u>(1 464 345)</u> | <u>(10 159 191)</u> |

**UBUHLEBEZWE MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008**

|                                                                      | <u>2008</u><br><u>R</u> | <u>2007</u><br><u>R</u> |
|----------------------------------------------------------------------|-------------------------|-------------------------|
| <b>1 STATUTORY FUNDS</b>                                             |                         |                         |
| Consolidated Capital Development Fund                                | 8 704 135               | 7 010 457               |
| Public Improvement Fund                                              | 12 160 809              | 11 401 883              |
| Housing Operating Account                                            | 332 032                 | 301 964                 |
| (Appendix A for more detail)                                         | <u>21 196 976</u>       | <u>18 714 304</u>       |
| <b>2 RESERVES</b>                                                    |                         |                         |
| Management Assistance                                                | 226 055                 | 436 720                 |
| I.D.P. Grant                                                         | (240 448)               | -                       |
| Programme Support                                                    | 16 908                  | 16 908                  |
| Financial Management Grant                                           | 474 618                 | 587 387                 |
| FMA Implementation Grant                                             | 134 899                 | 134 899                 |
| Marlthal Project                                                     | 8 197                   | 8 197                   |
| Land Use Management                                                  | 289 272                 | 289 272                 |
| Fairview Housing LCH                                                 | (2 036 249)             | -                       |
| Mziki Housing LCH                                                    | 7 264 742               | -                       |
| Mahehle LCH                                                          | (258 287)               | -                       |
| C M I P Grant                                                        | (1 959)                 | (1 959)                 |
| Hawkers/Taxi Grant                                                   | 1 033 341               | 1 033 341               |
| Disaster Fund                                                        | (53 769)                | 21 181                  |
| G I S Grant                                                          | 200 000                 | 200 000                 |
| Library Building Grant                                               | (189 236)               | -                       |
| Nokweja Disaster Fund                                                | 22 858                  | 22 858                  |
| Kuyasa School Grant                                                  | 4 302                   | 4 302                   |
| Municipal Administrative Development                                 | 100 000                 | 100 000                 |
| Inter Dept Monitoring Grant                                          | (28 951)                | 6 075                   |
| G I S Grant                                                          | 169 808                 | 169 808                 |
| PMS Grant                                                            | (114 858)               | 56 142                  |
| Mun Development Planning Capacity Building                           | 69 261                  | (29 348)                |
| C D W Grant                                                          | 10 928                  | 75 055                  |
| Anti Corruption Grant                                                | 18 327                  | 19 847                  |
| Mgodi Multi Purpose Centre                                           | (378 389)               | (374 309)               |
| Project Consolidate                                                  | 518 638                 | 565 632                 |
| L E D Gijima                                                         | (56 000)                | (56 000)                |
| M I G Grant                                                          | 2 466 750               | 1 438 164               |
| Waste Disposal Site                                                  | 487 582                 | 600 000                 |
| Public Participation Governance                                      | (289 824)               | 175 515                 |
| HR Systems Governance                                                | 137 000                 | 137 000                 |
| Capital Investment Programme                                         | 400 000                 | 400 000                 |
| Sangcwaba Grant                                                      | 804 091                 | -                       |
| Library Assistant                                                    | (6 710)                 | -                       |
| (Appendix A for more detail)                                         | <u>11 202 897</u>       | <u>6 036 687</u>        |
| <b>3 LONG TERM LIABILITIES</b>                                       |                         |                         |
| DBSA Purchase of grader and tipper truck.                            | 1 322 500               |                         |
| DBSA Development of land                                             | 3 091 175               | 4 853 607               |
|                                                                      | <u>4 413 675</u>        | <u>4 853 607</u>        |
| Less: Current portion transferred to current liabilities             | 439 172                 | 473 695                 |
|                                                                      | <u>3 974 503</u>        | <u>4 379 912</u>        |
| <b>4 FIXED ASSETS</b>                                                |                         |                         |
| Fixed assets at the beginning of the year                            | 36 724 222              | 27 847 382              |
| Capital outlay during the year                                       | 4 405 641               | 9 307 615               |
|                                                                      | <u>41 129 863</u>       | <u>37 154 997</u>       |
| Less: Assets written off, transferred or disposed of during the year | 2 107 443               | 430 775                 |
| Total fixed assets                                                   | <u>39 022 420</u>       | <u>36 724 222</u>       |
| Less: Loans redeemed and other capital receipts                      | 24 281 901              | 20 941 178              |
| Nett fixed assets                                                    | <u>14 740 519</u>       | <u>15 783 044</u>       |
| (Appendix C for more detail)                                         |                         |                         |

**UBUHLEBEZWE MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008**

|                                                                                                                                                                                                                                                           | <u>2008</u><br><u>R</u> | <u>2007</u><br><u>R</u> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>5 INVESTMENTS</b>                                                                                                                                                                                                                                      |                         |                         |
| Unlisted                                                                                                                                                                                                                                                  |                         |                         |
| Short term deposits                                                                                                                                                                                                                                       | 24 602 662              | 22 473 013              |
| Total Investments                                                                                                                                                                                                                                         | <u>24 602 662</u>       | <u>22 473 013</u>       |
| Management's valuation of unlisted investments                                                                                                                                                                                                            | <u>24 602 662</u>       | <u>22 473 013</u>       |
| Average gross rate of return on investments                                                                                                                                                                                                               | 9.48%                   | 6.95%                   |
| Local authorities are required to invest funds which are not immediately required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a penalty rate to meet commitments. |                         |                         |
| No investments have been written off during the year.                                                                                                                                                                                                     |                         |                         |
| <b>6 LONG TERM DEBTORS</b>                                                                                                                                                                                                                                |                         |                         |
| Housing Sales                                                                                                                                                                                                                                             | 122 298                 | 122 298                 |
| Staff Loans                                                                                                                                                                                                                                               | -                       | 119 504                 |
|                                                                                                                                                                                                                                                           | <u>122 298</u>          | <u>241 802</u>          |
| <b>7 DEBTORS</b>                                                                                                                                                                                                                                          |                         |                         |
| Consumer Debtors                                                                                                                                                                                                                                          | 5 393 235               | 4 356 688               |
| Sundry Debtors                                                                                                                                                                                                                                            | -                       | 5 947                   |
| Staff Debtors                                                                                                                                                                                                                                             | 49 788                  | 121 169                 |
| Deposits                                                                                                                                                                                                                                                  | 62 877                  | 62 877                  |
| S A R S VAT                                                                                                                                                                                                                                               | 359 126                 | 743 791                 |
| Suspense                                                                                                                                                                                                                                                  | 11 511                  | 15 834                  |
| DBSA Development Cost                                                                                                                                                                                                                                     | 1 374 941               | 1 183 474               |
|                                                                                                                                                                                                                                                           | <u>7 251 478</u>        | <u>6 489 780</u>        |
| Less: Provision for bad Debt                                                                                                                                                                                                                              | <u>2 758 926</u>        | <u>2 258 926</u>        |
|                                                                                                                                                                                                                                                           | <u>4 492 552</u>        | <u>4 230 854</u>        |
| Days outstanding in debtors amount to                                                                                                                                                                                                                     | 84                      | 489                     |
| <b>DEBTORS AGE ANALYS</b>                                                                                                                                                                                                                                 |                         |                         |
| Current                                                                                                                                                                                                                                                   | 30 550                  | 43 718                  |
| 30 Days                                                                                                                                                                                                                                                   | 83 740                  | 66 513                  |
| 60 Days                                                                                                                                                                                                                                                   | 143 998                 | 147 306                 |
| 90 Days                                                                                                                                                                                                                                                   | 144 990                 | 138 104                 |
| 120 Days                                                                                                                                                                                                                                                  | 148 539                 | 125 748                 |
| 120 + Days                                                                                                                                                                                                                                                | 5 124 750               | 4 069 423               |
| <b>8 PROVISIONS</b>                                                                                                                                                                                                                                       |                         |                         |
| Leave Pay                                                                                                                                                                                                                                                 | 683 128                 | 632 660                 |
| Valuation Fees                                                                                                                                                                                                                                            | 90 000                  | 90 000                  |
| (Appendix A for more detail)                                                                                                                                                                                                                              | <u>773 128</u>          | <u>722 660</u>          |
| <b>9 CREDITORS</b>                                                                                                                                                                                                                                        |                         |                         |
| Other Creditors                                                                                                                                                                                                                                           | 328 455                 | 352 857                 |
| Trade Creditors                                                                                                                                                                                                                                           | 674 942                 | 2 486 993               |
| Audit Fees                                                                                                                                                                                                                                                | -                       | 231 000                 |
| Suspense                                                                                                                                                                                                                                                  | 386 228                 | 6 532                   |
| Fairview Housing                                                                                                                                                                                                                                          | -                       | 5 491 894               |
|                                                                                                                                                                                                                                                           | <u>1 389 625</u>        | <u>8 569 276</u>        |

**UBUHLEBEZWE MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008**

|                                                                                                                  | <u>2008</u><br><u>R</u> | <u>2007</u><br><u>R</u> |
|------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>10 ASSESSMENT RATES</b>                                                                                       |                         |                         |
| General rate                                                                                                     |                         |                         |
| Land                                                                                                             | 0.0292                  | 0.0275                  |
| Improvements                                                                                                     | 0.0066                  | 0.0060                  |
| Other                                                                                                            |                         |                         |
| Land                                                                                                             | 0.0366                  | 0.0340                  |
| Improvements                                                                                                     | 0.0076                  | 0.0076                  |
| Agricultural                                                                                                     |                         |                         |
| Land                                                                                                             | 0.0183                  | 0.0169                  |
| Property Valuation                                                                                               | -                       | -                       |
| Land                                                                                                             | 34 380 400              | 34 380 400              |
| Improvements                                                                                                     | 192 649 400             | 192 649 400             |
|                                                                                                                  | <u>227 029 800</u>      | <u>227 029 800</u>      |
| Rates Income                                                                                                     |                         |                         |
| General                                                                                                          | 2 748 137               | 2 477 710               |
| Total                                                                                                            | <u>2 748 137</u>        | <u>2 477 710</u>        |
| Valuation on land are performed every five years and the last general valuation came into effect on 1 July 1999. |                         |                         |
| <b>11 COUNCILORS REMUNERATION</b>                                                                                |                         |                         |
| Mayor's Allowance                                                                                                | 433 278                 | 400 078                 |
| Deputy Mayor's Allowances                                                                                        | 193 372                 | 178 500                 |
| Speakers Allowances                                                                                              | 193 628                 | 178 500                 |
| Executive Committee Allowances                                                                                   | 399 251                 | 335 732                 |
| Councilor's Allowances                                                                                           | 2 400 393               | 2 236 066               |
|                                                                                                                  | <u>3 619 922</u>        | <u>3 328 876</u>        |
| <b>12 SENIOR MANAGERS REMUNERATION</b>                                                                           |                         |                         |
| Municipal Manager                                                                                                | 504 116                 | 471 004                 |
| Chief Financial Officer                                                                                          | 370 033                 | 353 156                 |
| Director Corporate Services                                                                                      | 173 478                 | 222 493                 |
| Director Community Services                                                                                      | 374 556                 | 357 911                 |
|                                                                                                                  | <u>1 422 183</u>        | <u>1 404 564</u>        |
| <b>13 AUDITOR'S REMUNERATION</b>                                                                                 |                         |                         |
| Prior Year                                                                                                       | 271 496                 | 312 372                 |
| Current Year                                                                                                     | 516 616                 | 271 496                 |
|                                                                                                                  | <u>788 112</u>          | <u>583 868</u>          |
| <b>14 FINANCE TRANSACTIONS</b>                                                                                   |                         |                         |
| External Interest earned or paid                                                                                 |                         |                         |
| Interest Earned                                                                                                  | 1 209 852               | 534 397                 |
| Interest Paid                                                                                                    | 212 526                 | 55 964                  |
| Capital charges debited to operating account                                                                     |                         |                         |
| Interest                                                                                                         |                         |                         |
| External                                                                                                         | 212 526                 | 55 964                  |
| Internal                                                                                                         | 754 399                 | 795 718                 |
| Redemption                                                                                                       |                         |                         |
| External                                                                                                         | 431 935                 | 598 754                 |
| Internal                                                                                                         | 587 613                 | 1 026 280               |
|                                                                                                                  | <u>1 986 473</u>        | <u>2 476 716</u>        |



**UBUHLEBEZWE MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008**

|                                                      | <u>2008</u><br><u>R</u> | <u>2007</u><br><u>R</u> |
|------------------------------------------------------|-------------------------|-------------------------|
| <b>15 APPROPRIATIONS</b>                             |                         |                         |
| Appropriation Account                                |                         |                         |
| Accumulated surplus at the beginning of the year     | 5 509 879               | 1 237 166               |
| Operating surplus for the year                       | 1 616 009               | 5 994 852               |
| See appendix E                                       | (1 563 697)             | (1 722 139)             |
| Accumulated surplus/(deficit) at the end of the year | <u>5 562 191</u>        | <u>5 509 879</u>        |
| Operating account                                    |                         |                         |
| Capital Expenditure                                  | 454 932                 | 122 427                 |
| Contributions to ;                                   | 672 301                 | -                       |
| Bad Debts                                            | 500 000                 | -                       |
| Leave Pay                                            | 172 301                 | -                       |
| Contribution to Capital Development Fund             | 770 714                 | 864 765                 |
|                                                      | <u>1 897 947</u>        | <u>987 192</u>          |
| <b>16 CASH UTILISED BY OPERATIONS</b>                |                         |                         |
| Surplus/(Deficit) for the year                       | 1 616 009               | 5 994 852               |
| Previous years operating transactions                |                         |                         |
| Appropriations charged against income:               | 1 897 947               | 987 192                 |
| Capital Development Fund                             | 770 714                 | 864 765                 |
| Provisions and Reserves                              | 672 301                 | -                       |
| Fixed Assets                                         | 454 932                 | 122 427                 |
| Capital Charges                                      | 1 986 473               | 2 476 716               |
| Interest Paid                                        |                         |                         |
| - Internal Funds                                     | 754 399                 | 795 718                 |
| - External Loans                                     | 212 526                 | 55 964                  |
| Redemption                                           |                         |                         |
| - Internal Advances                                  | 587 613                 | 1 026 280               |
| - External Loans                                     | 431 935                 | 598 754                 |
| Grants                                               | 5 166 211               | (2 511 000)             |
| Investment income (Operating Account)                | -                       | -                       |
| Internal Interest Transferred to operating Account   |                         |                         |
| Non-Operating Income                                 |                         |                         |
| External Loan                                        | (161 394)               | (3 099 172)             |
| Public Improvement Fund                              | (567 675)               | (300 855)               |
| Consolidated Capital Development Fund                | (349 036)               | (213 889)               |
| Housing Operating Account                            | (30 068)                | (301 964)               |
| Non-Operating Expenditure                            |                         |                         |
| Provisions & Reserves                                | 121 833                 | 10 591 397              |
| Net movement in working capital                      | -                       | -                       |
|                                                      | <u>9 680 300</u>        | <u>13 623 277</u>       |
| <b>17 (INCREASE)/DECREASE IN WORKING CAPITAL</b>     |                         |                         |
| (Increase)/Decrease in Current Debtors               | (261 698)               | (2 597 053)             |
| Decrease/(Increase) in long term Debtors             | 119 504                 | 59 530                  |
| Increase/(Decrease) in Creditors                     | (7 179 651)             | 6 528 082               |
| Increase/(Decrease) in Sundry Deposits               | (52 900)                | (160 325)               |
|                                                      | <u>(7 374 745)</u>      | <u>3 830 234</u>        |

**UBUHLEBEZWE MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008**

|                                                                                                                                                                                                                                                                                                                                                                                                                             | <u>2008</u><br><u>R</u> | <u>2007</u><br><u>R</u> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>18 INCREASE/(DECREASE) IN LONG-TERM LOANS (EXTERNAL)</b>                                                                                                                                                                                                                                                                                                                                                                 |                         |                         |
| Loans Raised                                                                                                                                                                                                                                                                                                                                                                                                                | -                       | 3 099 172               |
| Loans Repaid                                                                                                                                                                                                                                                                                                                                                                                                                | (431 935)               | (598 754)               |
|                                                                                                                                                                                                                                                                                                                                                                                                                             | <u>(431 935)</u>        | <u>2 500 418</u>        |
| <b>19 (INCREASE)/DECREASE IN CASH INVESTMENTS</b>                                                                                                                                                                                                                                                                                                                                                                           |                         |                         |
| Investments Made                                                                                                                                                                                                                                                                                                                                                                                                            | (2 129 649)             | (20 430 146)            |
| Investments Realised                                                                                                                                                                                                                                                                                                                                                                                                        | -                       | 9 841 288               |
|                                                                                                                                                                                                                                                                                                                                                                                                                             | <u>(2 129 649)</u>      | <u>(10 588 858)</u>     |
| <b>20 INCREASE/(DECREASE) IN DEPOSITS</b>                                                                                                                                                                                                                                                                                                                                                                                   |                         |                         |
| Deposits Beginning Of the Year                                                                                                                                                                                                                                                                                                                                                                                              | (62 803)                | (223 128)               |
| Deposits End Of the Year                                                                                                                                                                                                                                                                                                                                                                                                    | 9 903                   | 62 803                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                             | <u>(52 900)</u>         | <u>(160 325)</u>        |
| <b>21 (INCREASE)/DECREASE IN CASH</b>                                                                                                                                                                                                                                                                                                                                                                                       |                         |                         |
| (Overdraft)/Cash beginning of the year                                                                                                                                                                                                                                                                                                                                                                                      | 1 740 504               | (169 922)               |
| Cash at end of the year                                                                                                                                                                                                                                                                                                                                                                                                     | 590 365                 | 1 740 504               |
|                                                                                                                                                                                                                                                                                                                                                                                                                             | <u>1 150 139</u>        | <u>(1 910 426)</u>      |
| <b>22 RETIREMENT BENEFITS</b>                                                                                                                                                                                                                                                                                                                                                                                               |                         |                         |
| Employees belong to the following retirement Funds                                                                                                                                                                                                                                                                                                                                                                          |                         |                         |
| <b>21.1 Natal Joint Municipal Pension Fund (Retirement)</b>                                                                                                                                                                                                                                                                                                                                                                 |                         |                         |
| An actuarial valuation was conducted as at 31 March 2007. At a funding level of 94.9% the account was in deficit to the extent of R73.5 million. The Actuary has recommended that special steps be not taken at this stage and that the position be reviewed early in 2008 to determine whether the account can afford the guaranteed increase in pensions to be granted.                                                   |                         |                         |
| <b>21.2 Natal Joint Municipal Pension Fund (Superannuating)</b>                                                                                                                                                                                                                                                                                                                                                             |                         |                         |
| At a funding level of 87.9% the account as in deficit to the extent of R 88,660 million. The funding level of the fund decreased from 98.9% to 87.95. The Actuary is satisfied that the self-reinsurance arrangement is appropriate for the fund and that the asset composition of the Fund is appropriate to the nature of the liabilities.                                                                                |                         |                         |
| <b>21.3 Natal Joint Municipal Pension Fund (Provident)</b>                                                                                                                                                                                                                                                                                                                                                                  |                         |                         |
| An actuarial valuation was conducted as at 31 March 2003. The market value of the Fund's assets did not cover the members' share account and the risk/investment reserve accounts. The fund thus held a negative investment reserve. No further action is however required in this regard because the payment of the interim monthly bonus had been suspended and the investment markets have recovered post-31 March 2003. |                         |                         |
| <b>23 CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS</b>                                                                                                                                                                                                                                                                                                                                                                |                         |                         |
| 1 Hiralal Ramsunder / Ubuhlebezwe                                                                                                                                                                                                                                                                                                                                                                                           | 100 000                 | -                       |
| 2 Net Projects cc/Ubuhlebezwe                                                                                                                                                                                                                                                                                                                                                                                               | 2 385 000               | -                       |
| 3 Donation Transfers of Subs 46 & 48 farm Esperanza No 1938                                                                                                                                                                                                                                                                                                                                                                 | 10 000                  | -                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                             | <u>2 495 000</u>        | <u>-</u>                |
| <b>24 CAPITAL COMMITMENTS</b>                                                                                                                                                                                                                                                                                                                                                                                               |                         |                         |
| Commitments in respect of capital expenditure                                                                                                                                                                                                                                                                                                                                                                               |                         |                         |
| Approved and contracted for                                                                                                                                                                                                                                                                                                                                                                                                 | 2 161 457               | -                       |
| Approved but not yet contracted for                                                                                                                                                                                                                                                                                                                                                                                         | 800 000                 | -                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                             | <u>2 961 457</u>        | <u>-</u>                |
| This expenditure will be financed from                                                                                                                                                                                                                                                                                                                                                                                      |                         |                         |
| Internal sources                                                                                                                                                                                                                                                                                                                                                                                                            | -                       | -                       |
| External sources                                                                                                                                                                                                                                                                                                                                                                                                            | -                       | -                       |
| Provisional Grant                                                                                                                                                                                                                                                                                                                                                                                                           | 2 961 457               | -                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                             | <u>2 961 457</u>        | <u>-</u>                |
| <b>25 CONSOLIDATED CAPITAL DEVELOPMENT FUND</b>                                                                                                                                                                                                                                                                                                                                                                             |                         |                         |
| Outstanding advances to borrowing services                                                                                                                                                                                                                                                                                                                                                                                  |                         |                         |
| Accumulated fund                                                                                                                                                                                                                                                                                                                                                                                                            | 8 704 135               | 7 010 457               |
| Less: External Investments                                                                                                                                                                                                                                                                                                                                                                                                  | -                       | -                       |
| Temporary borrowings                                                                                                                                                                                                                                                                                                                                                                                                        | (5 293 033)             | (3 061 365)             |
|                                                                                                                                                                                                                                                                                                                                                                                                                             | <u>3 411 102</u>        | <u>3 949 092</u>        |
| (Refer to Appendices A and B for more detail )                                                                                                                                                                                                                                                                                                                                                                              |                         |                         |

**UBUHLEBEZWE MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008**

|                                                                                                                                 | <u>2008</u><br><u>R</u> | <u>2007</u><br><u>R</u> |
|---------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>26 PUBLIC IMPROVEMENT FUND</b>                                                                                               |                         |                         |
| Outstanding advances to borrowing services                                                                                      | 12 160 809              | 11 401 883              |
| Accumulated fund                                                                                                                |                         | (3 638 619)             |
| Less: Improvements                                                                                                              |                         | (1 822 432)             |
| Temporary Borrowings                                                                                                            | (1 058 620)             |                         |
| (Refer appendices B for more detail)                                                                                            | <u>11 102 189</u>       | <u>5 940 832</u>        |
| <b>27 HOUSING OPERATING ACCOUNT</b>                                                                                             |                         |                         |
| Outstanding advances to borrowing services                                                                                      |                         |                         |
| Accumulated fund                                                                                                                | 332 032                 | 301 964                 |
| Represented by :                                                                                                                |                         |                         |
| Cash                                                                                                                            | (332 032)               | (301 964)               |
| Fixed assets                                                                                                                    |                         |                         |
| Temporary borrowings                                                                                                            |                         |                         |
|                                                                                                                                 | <u>-</u>                | <u>-</u>                |
| <b>28 BANK ACCOUNT</b>                                                                                                          |                         |                         |
| In terms of Section 125(2)(a) of the Municipal Finance Management Act,<br>No 56 of 2003 the following information is disclosed: |                         |                         |
| <b>PRIMARILY BANK ACCOUNT</b>                                                                                                   |                         |                         |
| Cheque Account - First National Bank - Ixopo :                                                                                  |                         |                         |
| Account No : 53093735184                                                                                                        |                         |                         |
| Year opening balance                                                                                                            | 1 740 504               | 450 796                 |
| Movement                                                                                                                        | 358 020                 | 1 289 708               |
| Year end balance                                                                                                                | <u>2 098 524</u>        | <u>1 740 504</u>        |
| <b>29 ADDITIONAL INFORMATION IN TERMS OF SECTION 125 OF THE MFMA</b>                                                            |                         |                         |
| <b>Fruitless, Wasteful or Unauthorised Expenditure</b>                                                                          |                         |                         |
| IDP Grant                                                                                                                       | 240 448                 | -                       |
| Disaster Fund                                                                                                                   | 53 769                  | -                       |
| Library Building Grant                                                                                                          | 189 236                 | -                       |
| Inter Departmental monitoring Grant                                                                                             | 28 951                  | -                       |
| PMS Grant                                                                                                                       | 114 858                 | -                       |
| Puplic Participation Governance                                                                                                 | 289 825                 | -                       |
| Mgodi Multi Purpose                                                                                                             | 378 388                 | -                       |
| Led Gigima                                                                                                                      | 56 000                  | -                       |
| Library Assistant                                                                                                               | 6 710                   | -                       |
| Fairview Low Cost Housing                                                                                                       | 2 036 249               | -                       |
| Mahehle Low Cost Housing                                                                                                        | 258 286                 | -                       |
|                                                                                                                                 | <u>3 652 720</u>        | <u>-</u>                |

**UBUHLEBEZWE MUNICIPALITY**

**APPENDIX A**

**STATUTORY FUNDS, RESERVES AND PROVISIONS**

|                                          | BALANCE AT 1<br>JULY 2007 | CONTRIBUTION<br>S FOR 2007/2008 | INTEREST ON<br>INVESTMENTS | OTHER<br>INCOME   | INTEREST ON<br>INTERNAL<br>ADVANCES | EXPENDITURE<br>FOR 2007/2008 | BALANCE AT 30<br>JUNE 2008 |
|------------------------------------------|---------------------------|---------------------------------|----------------------------|-------------------|-------------------------------------|------------------------------|----------------------------|
| <b>STATUTORY FUNDS</b>                   |                           |                                 |                            |                   |                                     |                              |                            |
| Consolidated Capital Development Fund    | 7 010 457                 | 770 714                         | 349 036                    |                   | 573 928                             |                              | 8 704 135                  |
| Public Improvement Fund                  | 11 401 883                |                                 | 567 675                    | 10 780            | 180 471                             |                              | 12 160 809                 |
| Housing Operating Account                | 301 964                   |                                 | 30 068                     |                   |                                     |                              | 332 032                    |
|                                          | <b>18 714 304</b>         | <b>770 714</b>                  | <b>946 779</b>             | <b>10 780</b>     | <b>754 399</b>                      | <b>-</b>                     | <b>21 196 976</b>          |
| <b>RESERVES</b>                          |                           |                                 |                            |                   |                                     |                              |                            |
| Vukani                                   | -                         |                                 |                            |                   |                                     |                              | -                          |
| Management Assistance                    | 436 720                   |                                 |                            |                   |                                     | 210 665                      | 226 055                    |
| I.D.P. Grant                             | -                         |                                 |                            | 100 000           |                                     | 340 448                      | (240 448)                  |
| Programme Support                        | 16 908                    |                                 |                            |                   |                                     |                              | 16 908                     |
| Financial Management Grant               | 587 387                   |                                 |                            | 250 000           |                                     | 362 769                      | 474 618                    |
| Financial Management Grant               | 134 899                   |                                 |                            |                   |                                     |                              | 134 899                    |
| Marlthal Project                         | 8 197                     |                                 |                            |                   |                                     |                              | 8 197                      |
| Land Use Management                      | 289 273                   |                                 |                            |                   |                                     |                              | 289 273                    |
| Fairview Housing LCH                     |                           | (2 035 172)                     |                            |                   |                                     | 1 077                        | (2 036 249)                |
| Mziki Housing LCH                        |                           | 7 166 672.00                    |                            | 2 632 209         |                                     | 2 534 139                    | 7 264 742                  |
| Mahehle LCH                              |                           | (360 394)                       |                            | 1 479 320         |                                     | 2 098 001                    | (258 287)                  |
| C M I P Grant                            | (1 959)                   |                                 |                            |                   |                                     |                              | (1 959)                    |
| Hawkers/Taxi Grant                       | 1 033 341                 |                                 |                            |                   |                                     |                              | 1 033 341                  |
| Disaster Fund                            | 21 181                    |                                 |                            |                   |                                     | 74 950                       | (53 769)                   |
| Unidentified Grant                       | 200 000                   |                                 |                            |                   |                                     |                              | 200 000                    |
| Library Building Grant                   | -                         |                                 |                            | 77 982            |                                     | 267 218                      | (189 236)                  |
| Nokweja Disaster Fund                    | 22 858                    |                                 |                            |                   |                                     |                              | 22 858                     |
| Kuyasa School Grant                      | 4 302                     |                                 |                            |                   |                                     |                              | 4 302                      |
| Municipal administrative Development     | 100 000                   |                                 |                            |                   |                                     |                              | 100 000                    |
| Inter Dept Monitoring Grant              | 6 075                     |                                 |                            |                   |                                     | 35 026                       | (28 951)                   |
| G I S Grant                              | 169 808                   |                                 |                            |                   |                                     |                              | 169 808                    |
| PMS Grant                                | 56 142                    |                                 |                            |                   |                                     | 171 000                      | (114 858)                  |
| Mun Development Planning Capacity Buildi | (29 348)                  |                                 |                            | 377 500           |                                     | 278 891                      | 69 261                     |
| C D W Grant                              | 75 055                    |                                 |                            |                   |                                     | 64 127                       | 10 928                     |
| Anti Corruption Grant                    | 19 847                    |                                 |                            |                   |                                     | 1 520                        | 18 327                     |
| Mgodi Multi Purpose Centre               | (374 309)                 |                                 |                            |                   |                                     | 4 080                        | (378 389)                  |
| Project Consolidate                      | 565 633                   |                                 |                            | 367 000           |                                     | 413 995                      | 518 638                    |
| L E D Gijima                             | (56 000)                  |                                 |                            |                   |                                     |                              | (56 000)                   |
| M I G Grant                              | 1 438 163                 |                                 |                            | 5 299 367         |                                     | 4 270 781                    | 2 466 749                  |
| Waste Disposal Site                      | 600 000                   |                                 |                            |                   |                                     | 112 418                      | 487 582                    |
| Public Participation Governance          | 175 514                   |                                 |                            |                   |                                     | 465 339                      | (289 825)                  |
| HR Systems Governance                    | 137 000                   |                                 |                            |                   |                                     |                              | 137 000                    |
| Capital Investment Programme             | 400 000                   |                                 |                            |                   |                                     |                              | 400 000                    |
| Sangcwaba Grant                          |                           |                                 |                            | 1 440 930         |                                     | 636 838                      | 804 092                    |
| Library Assistant                        |                           |                                 |                            |                   |                                     | 6 710                        | (6 710)                    |
|                                          | <b>6 036 687</b>          | <b>4 771 106</b>                | <b>-</b>                   | <b>12 024 308</b> | <b>-</b>                            | <b>12 349 992</b>            | <b>11 202 897</b>          |
| <b>PROVISIONS</b>                        |                           |                                 |                            |                   |                                     |                              |                            |
| Leave Pay                                | 632 660                   | 172 301                         |                            |                   |                                     | 121 833                      | 683 128                    |
| Valuation Fee                            | 90 000                    |                                 |                            |                   |                                     |                              | 90 000                     |
| Bad Debts                                | 2 258 926                 | 500 000                         |                            |                   |                                     |                              | 2 758 926                  |
|                                          | <b>2 981 586</b>          | <b>672 301</b>                  | <b>-</b>                   | <b>-</b>          | <b>-</b>                            | <b>121 833</b>               | <b>3 532 054</b>           |

**UBUHLEBEZWE MUNICIPALITY**

**APPENDIX B**

**EXTERNAL LOANS AND INTERNAL ADVANCES**

|                                                           | BALANCE AT 1<br>JULY 2007 | RECEIVED<br>DURING THE<br>YEAR | REDEEMED OR<br>WRITTEN OFF DURING<br>THE YEAR | BALANCE AT 30<br>JUNE 2008 |
|-----------------------------------------------------------|---------------------------|--------------------------------|-----------------------------------------------|----------------------------|
| <u><b>EXTERNAL LOANS</b></u>                              | <u><b>R</b></u>           | <u><b>R</b></u>                | <u><b>R</b></u>                               | <u><b>R</b></u>            |
| DBSA Purchase of grader and tipper truck                  | 2 228 130                 |                                | 905 630                                       | 1 322 500                  |
| DBSA Development of land.                                 | 2 625 477                 | 473 695                        | 7 997                                         | 3 091 175                  |
|                                                           | <u>4 853 607</u>          | <u>473 695</u>                 | <u>913 627</u>                                | <u>4 413 675</u>           |
| <br><u><b>INTERNAL ADVANCES TO BORROWING SERVICES</b></u> |                           |                                |                                               |                            |
| Public Improvement Fund                                   | 1 547 366                 | 9 554 823                      |                                               | 11 102 189                 |
| Consolidated Capital Development fund                     | 2 735 125                 | 675 977                        |                                               | 3 411 102                  |
| Temporary borrowings                                      |                           |                                |                                               |                            |
| -Capital Development Fund                                 | 3 061 365                 | 2 677 915                      | 446 247                                       | 5 293 033                  |
| -Public Improvement Fund                                  | 1 822 432                 |                                | 763 812                                       | 1 058 620                  |
|                                                           | <u>9 166 288</u>          | <u>12 908 715</u>              | <u>1 210 059</u>                              | <u>20 864 944</u>          |

**UBUHLEBEZWE MUNICIPALITY**

**APPENDIX C**

**ANALYSIS OF FIXED ASSETS**

| EXPENDITURE<br>2007 | SERVICE                                          | BUDGET 2008      | BALANCE AT<br>1 JULY 2007 | EXPENDITURE<br>2008 | REDEEMED,<br>TRANSFERRED<br>OR WRITTEN-<br>OFF | BALANCE AT 30<br>JUNE 2008 |
|---------------------|--------------------------------------------------|------------------|---------------------------|---------------------|------------------------------------------------|----------------------------|
| R                   |                                                  | R                | R                         | R                   | R                                              | R                          |
| 9 307 615           | <b>RATES AND GENERAL SERVICES</b>                | 9 395 081        | 32 373 237                | 4 405 641           | 1 395 077                                      | 35 383 801                 |
| 381 254             | Furniture                                        |                  | 919 672                   | 5 096               |                                                | 924 768                    |
| 2 538 315           | Buildings                                        | 3 837 000        | 12 973 357                | 1 551 579           | 1 387 080                                      | 13 137 856                 |
| 3 552 743           | Estates                                          |                  | 3 572 593                 | 80 563              | 7 997                                          | 3 645 159                  |
| 220 539             | Office Equipment                                 |                  | 2 231 140                 | 100 779             |                                                | 2 331 919                  |
| -                   | Plant & Equipment                                |                  | 1 636 153                 | 15 228              |                                                | 1 651 381                  |
| 2 614 764           | Roads/Streetlights & Grounds                     | 5 558 081        | 7 761 311                 | 2 652 396           |                                                | 10 413 707                 |
| -                   | Other/Fencing                                    |                  | 27 640                    |                     |                                                | 27 640                     |
| -                   | Vehicles                                         |                  | 3 251 371                 |                     |                                                | 3 251 371                  |
| -                   | <b>HOUSING SERVICE</b>                           | -                | 712 366                   | -                   | 712 366                                        | -                          |
|                     | Sub - Economic                                   |                  | 712 366                   |                     | 712 366                                        | -                          |
|                     | <b>PUBLIC IMPROVEMENT FUND</b>                   |                  | 3 638 619                 |                     |                                                | 3 638 619                  |
| <b>9 307 615</b>    | <b>TOTAL FIXED ASSETS</b>                        | <b>9 395 081</b> | <b>36 724 222</b>         | <b>4 405 641</b>    | <b>2 107 443</b>                               | <b>39 022 420</b>          |
|                     | <b>LOANS REDEEMED AND OTHER CAPITAL RECEIPTS</b> |                  | 20 941 178                | 5 436 662           | 2 095 939                                      | 24 281 901                 |
|                     | Loans redeemed                                   |                  | 4 220 571                 | 1 019 549           | 7 997                                          | 5 232 123                  |
|                     | Contribution from operating income               |                  | 4 330 163                 | 454 931             |                                                | 4 785 094                  |
|                     | Grants and Subsidies                             |                  | 11 251 997                | 3 962 182           | 1 375 606                                      | 13 838 573                 |
|                     | Housing Operating Account                        |                  | 712 336                   |                     | 712 336                                        | -                          |
|                     | Public Contribution                              |                  | 5 693                     |                     |                                                | 5 693                      |
|                     | Reserves                                         |                  | 420 418                   |                     |                                                | 420 418                    |
|                     | Revaluation                                      |                  | -                         |                     |                                                | -                          |
|                     | <b>NET FIXED ASSETS</b>                          |                  | <b>15 783 044</b>         | <b>(1 031 021)</b>  | <b>11 504</b>                                  | <b>14 740 519</b>          |

**UBUHLEBEZWE MUNICIPALITY**

**ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2008**

| <b>2007<br/>ACTUAL<br/>R</b> | <b><u>INCOME</u></b>            | <b>2008<br/>ACTUAL<br/>R</b> | <b>2008<br/>BUDGET<br/>R</b> |
|------------------------------|---------------------------------|------------------------------|------------------------------|
| 2 477 710                    | Assessment rates                | 2 748 137                    | 3 059 826                    |
| 19 072 783                   | Equitable Share                 | 17 112 000                   | 19 912 520                   |
| 884 350                      | Refuse                          | 955 951                      | 965 060                      |
| 3 090 023                    | Other Income                    | 3 664 526                    | 4 092 989                    |
| 806 513                      | Interest Earned                 | 1 209 852                    | 665 000                      |
| <b><u>26 331 379</u></b>     | <b>Total Income</b>             | <b><u>25 690 466</u></b>     | <b><u>28 695 395</u></b>     |
|                              | <b><u>EXPENDITURE</u></b>       |                              |                              |
| 12 085 440                   | Salaries, Wages and Allowances  | 12 546 470                   | 14 262 883                   |
| 5 516 226                    | General Expenditure             | 7 945 136                    | 8 412 095                    |
| 626 669                      | Repairs and Maintenance         | 1 141 446                    | 1 307 117                    |
| 1 885 765                    | Capital Charges                 | 1 986 473                    | 509 752                      |
| 122 427                      | Contributions to Capital Outlay | 454 932                      | -                            |
| 100 000                      | Contributions To Funds          | -                            | 6 000                        |
| <b><u>20 336 527</u></b>     | <b>Gross Expenditure</b>        | <b><u>24 074 457</u></b>     | <b><u>24 497 847</u></b>     |
|                              | Less: Amounts Charges out       |                              |                              |
| <b><u>20 336 527</u></b>     | <b>Net Expenditure</b>          | <b><u>24 074 457</u></b>     | <b><u>24 497 847</u></b>     |

**UBUHLEBEZWE MUNICIPALITY**

**APPENDIX E**

**DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008**

| 2007<br>ACTUAL<br>INCOME<br>R | 2007<br>ACTUAL<br>EXPENDITURE<br>R | 2007<br>SURPLUS/<br>(DEFICIT)<br>R |                                                  | 2008<br>ACTUAL<br>INCOME<br>R | 2008<br>ACTUAL<br>EXPENDITURE<br>R | 2008<br>SURPLUS/<br>(DEFICIT)<br>R | 2008<br>BUDGET<br>SURPLUS/<br>(DEFICIT)<br>R |
|-------------------------------|------------------------------------|------------------------------------|--------------------------------------------------|-------------------------------|------------------------------------|------------------------------------|----------------------------------------------|
| 26 331 379                    | 20 336 527                         | 5 994 852                          | <b>RATES AND GENERAL SERVICES</b>                | 25 690 466                    | 24 074 457                         | 1 616 009                          | 3 040 989                                    |
| 21 233 583                    | 16 574 397                         | 4 659 186                          | <b>Community Services</b>                        | 22 680 071                    | 17 175 402                         | 5 504 669                          | 3 190 615                                    |
| 2 477 710                     |                                    | 2 477 710                          | Assessment Rates                                 | 2 748 137                     | -                                  | 2 748 137                          | 3 059 826                                    |
| 1 196 761                     | 3 495 455                          | (2 298 694)                        | Executive Council                                | -                             | 3 909 823                          | (3 909 823)                        | (3 514 020)                                  |
| 17 169 182                    | 3 086 201                          | 14 082 981                         | Finance                                          | 19 284 715                    | 1 846 346                          | 17 438 369                         | 14 919 118                                   |
| 12 652                        | 2 237 967                          | (2 225 315)                        | General                                          | 58 282                        | 2 379 716                          | (2 321 434)                        | (1 753 621)                                  |
|                               | 1 147 890                          | (1 147 890)                        | Human Resource & Management                      | -                             | 1 277 493                          | (1 277 493)                        | (1 549 241)                                  |
| 38 093                        | 267 207                            | (229 114)                          | Property Service Buildings & Lums                | 237 482                       | 748 028                            | (510 546)                          | (591 700)                                    |
| 313 975                       | 945 995                            | (632 020)                          | Municipal estates                                | 310 838                       | 1 340 065                          | (1 029 227)                        | (314 394)                                    |
| -                             | 1 087 267                          | (1 087 267)                        | Workshop                                         | -                             | 166 011                            | (166 011)                          | (296 781)                                    |
| -                             | 917 185                            | (917 185)                          | Municipal Manager                                | -                             | 888 768                            | (888 768)                          | (1 652 101)                                  |
| -                             | 860 284                            | (860 284)                          | Community Development                            | -                             | 1 200 266                          | (1 200 266)                        | (1 294 497)                                  |
| 4 388                         | 329 458                            | (325 070)                          | Liabrary                                         | 9 886                         | 431 998                            | (422 112)                          | (453 638)                                    |
|                               | 32 296                             | (32 296)                           | Community Hall & Facilities                      | -                             | 4 449                              | (4 449)                            | (116 000)                                    |
|                               | 4 189                              | (4 189)                            | Tourism                                          | -                             | 10 149                             | (10 149)                           | (57 000)                                     |
| -                             | 567 676                            | (567 676)                          | Disaster Management                              | -                             | 492 272                            | (492 272)                          | (514 788)                                    |
|                               | 250 803                            | (250 803)                          | Cultural Activities                              | -                             | 129 343                            | (129 343)                          | (300 000)                                    |
|                               | 506 127                            | (506 127)                          | Parks & Verges                                   | -                             | 594 380                            | (594 380)                          | (677 547)                                    |
| 20 822                        | 838 397                            | (817 575)                          | Roads                                            | 30 731                        | 1 756 295                          | (1 725 564)                        | (1 703 001)                                  |
| 2 718 729                     | 1 949 124                          | 769 605                            | <b>Subsidised Services</b>                       | 990 358                       | 4 696 589                          | (3 706 231)                        | 46 333                                       |
| 34 737                        | 54 274                             | (19 537)                           | Cemetry                                          | 34 407                        | -                                  | 34 407                             | 35 000                                       |
| 2 683 992                     | 1 894 850                          | 789 142                            | Electricity                                      | -                             | 2 994 267                          | (2 994 267)                        | (185 000)                                    |
|                               |                                    |                                    | Refuse Removal                                   | 955 951                       | 1 702 322                          | (746 371)                          | 196 333                                      |
| 2 349 462                     | 1 639 758                          | 709 704                            | <b>Economic Services</b>                         | 1 995 572                     | 2 072 472                          | (76 900)                           | 9 013                                        |
| 2 349 462                     | 1 639 758                          | 709 704                            | Traffic Services                                 | 1 995 572                     | 2 072 472                          | (76 900)                           | 9 013                                        |
| 29 605                        | 173 248                            | (143 643)                          | <b>Housing Services</b>                          | 24 465                        | 129 994                            | (105 529)                          | (204 972)                                    |
| 29 605                        | 173 248                            | (143 643)                          | Assisted Housing                                 | 24 465                        | 129 994                            | (105 529)                          | (204 972)                                    |
| 26 331 379                    | 20 336 527                         | 5 994 852                          | <b>TOTAL</b>                                     | 25 690 466                    | 24 074 457                         | 1 616 009                          | 3 040 989                                    |
|                               |                                    | (1 722 139)                        | Appropriations for the year ( refer to note 16 ) |                               |                                    | (1 563 697)                        |                                              |
|                               |                                    | 4 272 713                          | Net surplus for the year                         |                               |                                    | 52 312                             |                                              |
|                               |                                    | 1 237 166                          | Accumulated surplus beginning of the year        |                               |                                    | 5 509 879                          |                                              |
|                               |                                    | 5 509 879                          | Accumulated surplus end of the year              |                               |                                    | 5 562 191                          |                                              |



# UBUHLEBEZWE MUNICIPALITY

## Appendix F

### Statistical Information

| 1. GENERAL STATISTICS          |                          | "2007/2008  | 2006/2007   |
|--------------------------------|--------------------------|-------------|-------------|
| a. Population                  |                          | 135 615     | 135 615     |
| b. Valuation                   |                          |             |             |
| Rateable                       | Land                     | 34 380 400  | 34 380 400  |
|                                | Buildings                | 192 649 400 | 192 649 400 |
| Non-Rateable                   | Land                     | 6 967 600   | 6 967 600   |
|                                | Buildings                | 15 639 300  | 15 639 300  |
| c. Number of properties        |                          | 1 613       | 1 613       |
| d. Number of Rated properties  |                          | 1 434       | 1 434       |
| e. Number of Employees         |                          | 93          | 104         |
| 2. SUNDRY STATISTICS           |                          |             |             |
| a. Area (square km)            |                          | 1 639       | 1 639       |
| b. Number of registered voters |                          | 38 935      | 38 935      |
| c. Building Survey             | No. of plans passed      | 30          | 16          |
|                                | Value of plans passed    | 564 176     | 2 074 000   |
| d. Vehicle licenses issued     |                          | 10 175      | 9 250       |
| e. Library books issued        |                          | 33 205      | 30 807      |
| f. Refuse removed and dumped   |                          | 11 000      | 11 000      |
| g. Housing                     | No. of rented houses     | 29          | 25          |
|                                | No. of housing loans (lo | 14          | 24          |